



RURAL DEVELOPMENT Vermont/New Hampshire

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Committed to the future of rural communities

MULTI-FAMILY HOUSING NEWS

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NEW REGULATION TRANSITION

February 24, 2006 marks the one year anniversary of the implementation of 7 CFR 3560. As with any change of this magnitude we are all still struggling with the new or revised requirements and also with the continual refinements of the regulation at the national level. Hopefully, the majority of you were able to attend a training seminar held around the country by Spectrum and all of you have printed a copy of the CFR and Handbooks for reference. We have been advised by the National Office that the handbooks are being revised but we cannot yet provide you with a date to expect the changes. We are planning to have a joint New Hampshire and Vermont training in June 2006 which will be targeted to asset management and loan servicing responsibilities for the 515 program.

We know that this has been a challenging year at best, for owners, managers and Rural Development employees. There have been numerous questions and of course, different interpretations that we continue to work through. After operating in the same mode for in excess of 20 years, it is sometimes difficult to understand why the rules change, but they do. We will continue to strive to make you aware of ongoing changes and to bring consistency to the program. We appreciate your patience during this transition and please feel free to contact the Rural Development field staff if you have questions.

CIVIL RIGHTS TRAINING

Mark your calendars for Tuesday, March 28, 2006 for this one day Fair Housing and Accessibility Training Seminar at New Hampshire Housing in Bedford, NH. Sponsored by the Granite State Managers Association, Fair Housing Solutions will cover such topics as:

How do I handle tenants with disabilities who endanger themselves and/or others?
What are the new requirements regarding 504 Transition Plans?
How do I handle and investigate tenant complaints of harassment?
How do I make reasonable accommodation to my waiting list policy?
How do I make reasonable accommodation for people with mental disabilities?



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DISCRIMINATION SHOULD BE SENT TO: USDA, DIRECTOR, OFFICE OF CIVIL RIGHTS,
WASHINGTON DC 20250-9410**

When can I refuse a request for reasonable accommodation?
How does the new ADA/ABA Accessibility Guidelines affect my property?

Fair Housing Solutions, located in Tuscaloosa, Alabama, consists of three experienced Fair Housing Law presenters. Mark English owns E&A Services, Inc. and has completed many self evaluation and transition plans for NH and VT RD financed MFH properties. Attorney Bert Guy practices in the areas of fair housing, employment law, and crises management with firms engaged in the development and management of rental housing. Attorney Scott Moore's practice focuses solely on the defense of employers and housing providers in all civil rights matters. He is a former senior trial lawyer with the U.S. Department of Justice.

The attorneys will present actual case studies of civil rights violations and how they were resolved. Valuable information will be provided as to effective management practices needed to avoid similar problems.

The cost for this seminar will be \$225 for GSMA and VHMA members and \$295 for non members. This price will include break snacks, lunch, and resource materials. Seminar information and registration forms can be obtained by accessing www.gsma.net. Participation will be limited to the first 100 registrants.

SITE MANAGER OF THE YEAR AWARD- NOMINATION FORM ATTACHED

In 1997 Rural Development initiated the site manager of the year award. The intent is to recognize those valuable employees who contribute more than what is expected of them to improve the properties appearance and satisfy the needs of the tenants. This month we will be sending out nomination packages to the rental agents to nominate deserving candidates.

This award is not restricted to on-site property managers. Eligibility extends to those employees who have a close interaction with tenants and provide hands-on management with properties on a daily basis. Individuals may be located off-site and may participate in more than one property. The candidate must have established a high level of tenant satisfaction, good curb appeal, and consistently contributes more than what is expected.

The selections over the past eight years have exemplified a high level of professional management. We know that there are many more employees deserving of this award and would ask every rental agent to nominate at least one candidate for 2006. The process is not difficult nor time consuming and the recognition is one that the employee will cherish for many years. To be honored as the manager of the year, from a special group of peers, is indeed a very special recognition. We encourage all rental agents to participate in this special award program. The nomination form is at the end of this newsletter. Get them in by April 1, 2006!

INSURANCE

Due to changes in RD regulations we ask that you review 7 CFR 3560.105 and Chapter 3, Section 4 in the Asset Management Handbook (HB-2-3560) for the requirements for insurance to be sure that your policies are in compliance. It is not necessary that you make changes until your policy is renewed. The following outlines what is needed.

Property Insurance:

Hazard Insurance (Also known as "Fire and Extended", "Homeowners", "All Physical Loss", or "Broad Form" policies.)

At a minimum, the amount of coverage must be at least the amount of the "replacement value" of the complex. Evidence of appropriate insurance and evidence that a full year's premium has been paid must be presented at loan closing. Insurance must remain in effect for the entire term of the loan.

Elevator, Boiler, and Machinery Insurance

This coverage is required for properties that operate elevators, steam boilers, turbines, engines, or other pressure vessels, or that have centralized heating, ventilating, and air-conditioning equipment in operation.

Workmen's Compensation Insurance:

Suitable workmen's compensation must be provided for all employees in accordance with state law.

Liability Insurance:

As per 7 CFR 3560.105 and HB-2-3560 Page 3-26, the limit of liability per occurrence for personal injury, bodily injury, or property damage under the terms of coverage must be at least \$1,000,000.

Fidelity Bond:

This insurance must be provided for any personnel entrusted with the receipt and disbursement of funds and the custody of any property. The minimum amount will be calculated as provided for in 7 CFR 3560.105 and HB-2-3560 Section 4, Pages 3-24 through 3-26. RD requires the policy to include an insuring agreement that covers employee dishonesty. When there are changes made to your Bond, please send RD a copy of the Certificate.

There have also been changes to the allowable deductibles; this is discussed in 7 CFR 3560.105 (f) (9). Any deductible amounts, for any type of insurance, must be accounted for in the reserve account.

The Agency must be named as loss co-payee on all properties. Please be sure RD is provided with your insurance policies and any declarations.

Chapter 3, Section 4 (3.10k) lists the Property Insurance Policy Requirements as well as the standard mortgage clause for all policies.

MANAGEMENT DOCUMENT REMINDER

- Management Certification due January 1, 2006
- Lease, Rejection Letter and Application for Tenancy due February 1, 2006
- Management Plan due June 1, 2006 unless expires sooner.

Please reference the Summer/Fall 2005 newsletter for further guidance on these documents and please be sure the deadlines are met.

We would also like to bring your attention to the Occupancy Rules (i.e. Tenant/Resident Handbook or House Rules). Please refer to 3560.157 for the requirements that are needed. Although these have not changed much from the old procedure you need to be sure that it is a separate document attached to the lease, reviewed by your attorney and posted at the project.

NEWSLETTER CORRECTION

In the last newsletter we advised that the Affirmative Fair Housing Marketing Plans were to be effective for a 5 year term. This was incorrect. The HUD form does allow a 5 year term, however RD has not adopted this. Therefore, the marketing plans will be required every 3 years.

MINC

If you are not aware, there is a Message Board on the home page of MINC which contains a lot of helpful information.

Click on General Information and it will give you links to the following:

- 1) RD 3560 Forms and Regulations
- 2) MINC Frequently Asked Questions-Describes potential problems and describes how to process activities and resolve problems.
- 3) Error Messages-Includes a listing of currently documented error conditions and system messages that may be encountered when transmitting to or receiving information from Rural Development, along with a description of the problem and a suggested corrective action.

Click on Release Information and it will provide you with current information on revisions and changes to the MINC System.

If you experience problems with the MINC application or have a specific question about its functionality, please do not call the servicing office. You can contact the Centralized Help Desk at 1-800-457-3642 (choose option 3 = "All Others" and then choose option 1 = "Eastern Region Help desk") or email mfh@stl.usda.gov. Be prepared to provide the Management Agent name, id, contact person, phone number, and a description of the specific problem.

IMPORTANT DATES

Just a reminder that all tenant data must be either received in the servicing office or transmitted by the 10th of each month.

Preview the worksheet before the 10th. There should be no valid reason the worksheets are not correct when they release on the 17th of every month. This is also the first day that you are able to electronically process your project worksheet(s) for the month.

RENT/UTILITY ALLOWANCE CHANGES

According to the revised 3560 regulation, the RD Servicing Office is no longer required to send out a final approval letter for rent/utility allowance changes unless we are approving a different amount from what was initially posted.

Also, you do not have to transmit modified tenant certifications indicating a change in rent. Our system automatically updates the tenant certifications with the appropriate rent.

ELECTRONIC FUNDS TRANSFER OR PREAUTHORIZED DEBIT

If you do not already have your RA check(s) electronically deposited, please do so. If you are required to submit a check with your payment you can also have these funds debited from your bank account. Contact the servicing office to complete this process.

TRANSITION PLANS AND SECTION 504 OF THE REHABILITATION ACT OF 1973

As a reminder to all Section 515 owners, USDA Departmental regulations require that Section 515 facilities have self-evaluations conducted to determine if there are any accessibility barriers that should be removed. Once identified, nonstructural barriers should be removed immediately, and if structural barriers are identified, a transition plan shall be developed, setting forth the steps necessary to complete changes within established timeframes for completion. Plans should be developed with knowledgeable persons or organizations that are familiar with UFAS standards. At a minimum, transition plans are required to: (1) Identify physical obstacles in the facilities that limit the accessibility of its programs or activities to persons with disabilities; (2) Describe in detail the methods that will be used to make the facilities accessible; (3) Specify the schedule (dates) for taking the steps necessary to achieve full program accessibility, and if the time period of the transition plan is longer than one year, identify the steps that will be taken during each year of the transition period, and; (4) Identify the person responsible for implementation of the plan. Remember that project reserve accounts can be used for consultative services to develop and implement plans.

MFH 2006 NOTICES OF FUNDING AVAILABILITY

We expect to that the federal register notice for Section 515 and Section 538 2006 funds will be published within a few weeks. We will be sending out a separate announcement when these notices are officially published. We expect level funding for 515 and 538 programs compared to 2005 levels, however, the agency does not expect that project based RD Rental assistance will be available for this year for new project development. If any existing 515 owners desire to be included for Repair/Rehab RD subsequent loan funds for this year, funding requests can be made on a case by case basis to our National office. Please advise our MFH staff if you are interested in Repair/Rehab funds.

SITE MANAGER OF THE YEAR NOMINATION FORM FOR 2006

BEST SECTION 515 SITE MANAGER NOMINATION FORM

Nominee or Housing Manager's name:

Housing Project:

Nominee:

Please address the following criteria in the space provided (or provide any attachments if needed). Remember, keep your answers short and to-the-point; however, the more letters, pictures, and documentation you can provide, the better.

I. Tenant Satisfaction. Overall, are tenants happy with the efforts this manager makes on their behalf and on the behalf of the housing complex? How do you know? Attach any letters from tenants or other supporting documentation. Include photographs.

II. Curb Appeal. Is the property attractively maintained and landscaped? Please submit at least two pictures that demonstrate the appeal of the property. Also, please describe in writing in the space below. If applicable, you may wish to discuss particular actions the manager has taken to increase the appeal of the property.

III. Accurate and complete records. An employee familiar with the manager's recordkeeping should address this criterion. There must be no unresolved violations or incidents of noncompliance.

IV. Action above and beyond what is expected. Please describe any actions this manager takes on a consistent basis which make him or her truly exceptional and outstanding. Good pictures also help in this category.